

Public Law 96-604  
96th Congress

An Act

Dec. 28, 1980

[H.R. 7112]

To authorize an extension and amendment of the revenue sharing program to provide general purpose fiscal assistance to local governments, and for other purposes.

State and Local  
Fiscal Assistance  
Act Amend-  
ments of 1980.  
31 USC 1221  
note.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

SECTION 1. SHORT TITLE.

This Act may be cited as the "State and Local Fiscal Assistance Act Amendments of 1980".

SEC. 2. EXTENSION OF PROGRAM.

31 USC 1224.

(a) AUTHORIZATION OF APPROPRIATIONS FOR LOCAL SHARE.—Section 105(c)(1) of the State and Local Fiscal Assistance Act of 1972 is amended by adding at the end thereof the following: "In addition, there are authorized to be appropriated to the Trust Fund to pay the entitlements of units of local government hereinafter provided \$4,566,700,000 for each of the entitlement periods beginning October 1 of 1980, 1981, and 1982."

(b) STATE SHARE PROVISIONS.—

(1) AUTHORIZATION OF STATE SHARE APPROPRIATIONS.—Section 105 of the State and Local Fiscal Assistance Act of 1972 is further amended by redesignating subsection (d) as subsection (e) and by inserting immediately before such subsection the following new subsection:

"(d) AUTHORIZATION OF APPROPRIATIONS FOR ALLOCATIONS TO STATE GOVERNMENTS.—

31 USC 1226.

"(1) IN GENERAL.—In the case of each entitlement period described in paragraph (2), there are authorized to be appropriated to the Trust Fund \$2,300,000,000 for each such entitlement period to make allocations to State governments in accordance with section 107(a)(2).

"(2) ENTITLEMENT PERIODS.—The following entitlement periods are described in this paragraph:

"(A) The entitlement period beginning October 1, 1981, and ending September 30, 1982; and

"(B) The entitlement period beginning October 1, 1982, and ending September 30, 1983."

31 USC 1226.

(2) STATE SHARE ALLOCATION.—Subsection (a) of section 107 of the State and Local Fiscal Assistance Act of 1972 is amended to read as follows:

"(a) DIVISION BETWEEN STATE AND LOCAL GOVERNMENTS.—

"(1) ENTITLEMENT ALLOCATIONS.—

"(A) STATE GOVERNMENT SHARE.—The State government shall be entitled to receive—

"(i) one-third of the amount allocated to that State under section 106 for each entitlement period ending before October 1, 1980; and

“(ii) no part of such amount for any entitlement period beginning on or after October 1, 1980.

“(B) LOCAL GOVERNMENT SHARE.—Of the amount allocated to a State under section 106—

31 USC 1225.

“(i) for an entitlement period ending before October 1, 1980, two-thirds shall be allocated, as provided in section 108, among the units of local government of that State; and

31 USC 1227.

“(ii) for any entitlement period beginning on or after October 1, 1980, all of such amount shall be allocated, as provided in section 108, among the units of local government of that State.

“(2) NONENTITLEMENT ALLOCATION TO STATES.—From any amount appropriated pursuant to section 105(d) for any entitlement period described in section 105(d)(2), there shall be allocated to each State government an amount which bears the same ratio to the amount so appropriated for that period as the amount allocable to that State under section 106(b) bears to the sum of the amounts allocable to all States under section 106(b), except that (A) no payment of any such allocation shall be made to any State unless the Secretary determines (in accordance with regulations prescribed by the Secretary) that such State has declined to receive or has refunded to the United States, from funds otherwise available to such State under any Federal categorical grant program (as identified in such regulations), an amount equal to such allocation, and (B) any funds which would otherwise be paid to a State but for clause (A) shall be transferred by the Secretary from the Trust Fund to the general fund of the Treasury in accordance with section 105(d).”.

31 USC 1224.

31 USC 1225.

(c) CONFORMING AMENDMENTS.—

(1) PAYMENTS.—Section 102(a)(1) of the Act is amended by striking out “the entitlement” and inserting in lieu thereof “the allocation, if any,”.

31 USC 1221.

(2) ADJUSTMENT OF LOCAL GOVERNMENT ENTITLEMENTS.—Section 108 of the Act is amended—

31 USC 1227.

(A) by striking out “two-thirds of” in subsection (b)(6)(B);  
(B) by striking out subparagraph (C) of subsection (b)(7) and inserting in lieu thereof the following:

“(C) ADJUSTMENT FOR APPLICATION OF LIMITATION.—In any case in which the amount allocated to a unit of local government is reduced under paragraph (6)(C) by the Secretary, the amount of that reduction—

“(i) in the case of a unit of local government (other than a county government), shall be added to and increase the allocation of the county government of the county area in which it is located, unless (on account of the application of paragraph (6)) that county government may not receive it, in which case the amount of the reduction shall be reallocated in accordance with subparagraph (D); and

“(ii) in the case of a county government, shall be reallocated in accordance with subparagraph (D).

“(D) REALLOCATION OF EXCESS AMOUNTS.—Amounts reallocated under this subparagraph shall be added to and increase the entitlements—

"(i) first, of units of local government within the State, to the extent that such units may (after the application of paragraph (6)) receive such a reallocation, and

"(ii) then, if no unit of local government may receive such an allocation on account of the application of paragraph (6), among all units of local government within the State on a pro rata basis.";

(C) by striking out "September 30, 1980" in subsection (c)(1)(C) and inserting in lieu thereof "September 30, 1983"; and

(D) by adding at the end of subsection (e) the following new paragraph:

"(5) **RULE FOR PERIODS FOR WHICH THERE IS NO STATE GOVERNMENT AMOUNT.**—For the entitlement period beginning October 1, 1980, and for any entitlement period for which the amounts authorized by section 105(d) are not appropriated, this subsection shall be applied—

"(A) by substituting '13.5 percent' for '15 percent' in the first sentence of paragraph (1),

"(B) by substituting '6.75 percent' for '7.5 percent' in the second sentence of paragraph (1),

"(C) without regard to the words 'one half of' in the first sentence of paragraph (2),

"(D) by substituting '6.75 percent' for '3.75 percent' in the second sentence of paragraph (2), and

"(E) without regard to paragraph (3) or (4)."

(3) **DEFINITION OF ENTITLEMENT PERIOD.**—Section 141(b) of the Act is amended by inserting at the end thereof the following new paragraph:

"(8) The one-year periods beginning on October 1 of 1980, 1981, and 1982."

(4) **JUDICIAL REVIEW.**—Section 143(a) of the Act is amended by striking out "State which receives a notice of reduction in entitlement under section 107(b), and any".

(d) **POPULATION DATA.**—Paragraph (1) of section 109(a) of the State and Local Fiscal Assistance Act of 1972 is amended to read as follows:

"(1) **POPULATION.**—

"(A) **IN GENERAL.**—Population shall be determined on the same basis as resident population is determined by the Bureau of the Census for general statistical purposes.

"(B) **UNDERCOUNT ADJUSTMENT.**—The Secretary shall request the Bureau of the Census to adjust the population data provided under subparagraph (A), as soon as practicable to include a reasonable estimate of the number of resident persons not counted in the 1980 census or subsequent revisions thereof. The Secretary shall use such estimates in the calculation of allocations for the next entitlement period beginning after receipt of such estimates."

(e) **TRANSITION PROVISION.**—Section 121(c)(2) of the Act is amended by adding at the end thereof the following new sentence: "For the entitlement period beginning on October 1, 1980, and ending September 30, 1981, a State government or unit of local government shall not be deemed to be in violation of the requirements of subsection (b) or paragraph (1) of this subsection if such government or unit has, prior to the date of enactment of the State and Local Fiscal Assistance Act Amendments of 1980, conducted hearings required under subsection (a) on proposed uses of funds on the basis of a reasonable projection of

31 USC 1224.

31 USC 1261.

31 USC 1263.

31 USC 1226.

31 USC 1228.

31 USC 1241.

*Ante*, p. 3516.

the amount of funds to be made available to such unit under such Amendments.”.

(f) **WAIVER PROVISION.**—Section 123(c)(5) of the Act is amended to read as follows: 31 USC 1243.

“(5) **WAIVER.**—The Secretary may waive the requirements of paragraph (1) or paragraph (2), in whole or in part, with respect to any State government or unit of local government for any fiscal year as to which (in accordance with the regulations prescribed by the Secretary) there is a finding that—

“(A) the financial accounts of such government for such period are not auditable, and that such government demonstrates substantial progress toward making such financial accounts auditable, or

“(B) such government has been audited by a State audit agency which does not follow generally accepted auditing standards or which is not independent (in accordance with regulations prescribed by the Secretary), and such State audit agency demonstrates progress toward meeting generally accepted auditing standards or becoming independent.”.

(g) **MODIFICATION OF CERTAIN AUDIT REQUIREMENTS.**—In any case in which— 31 USC 1243 note.

(1) a State had on July 25, 1974, entered into an agreement with the United States to conduct the audits required under section 123(c) of the Act on behalf of the units of local government in such State, and

(2) such audits were not conducted as so required for the entitlement periods beginning after December 31, 1976, and before January 1, 1980,

then any unit of local government of such State may meet the audit requirements of section 123(c) of the Act with respect to such entitlement periods by conducting audits which otherwise meet such requirements, except that, in the aggregate, such audits need cover only those funds of accounts in the financial activity of the local unit of government into which payments under the Act have been deposited.

(h) **STATEMENT OF ASSURANCES.**—Section 123(a) is amended— 31 USC 1243.

(1) by striking out the semicolon at the end of paragraph (6) and inserting in lieu thereof the following: “; and”;

(2) by striking out “; and” at the end of paragraph (7) and inserting in lieu thereof a period; and

(3) by striking out paragraph (8).

### SEC. 3. DISCHARGE THE STATES FROM THE OBLIGATION OF REPAYMENT OF CERTAIN MONEY.

(a) **IN GENERAL.**—The various States with which money was deposited by the Secretary of the Treasury under the provisions of sections 13 and 14 of the Act entitled “An Act to regulate the deposits of the public money”, approved June 23, 1836 (5 Stat. 55), are hereby discharged of all obligations for repayment to the United States of the money so deposited.

(b) **CREDITING OF ACCOUNTS.**—The proper accounting officers of the Government shall credit the various States with the amounts charged to them on the books of the Treasury Department pursuant to the proviso in the paragraph entitled “Credit in accounts of the Treasurer” in the Act of June 25, 1910 (36 Stat. 776).



**SEC. 4. ADJUSTMENTS PURSUANT TO SECTION 118 OF PUBLIC LAW 96-369.**

31 USC 1228.

Section 109 of the Act is amended by adding a new subsection, as follows:

*Ante*, p. 1357.

"(h) The allocations to States and local jurisdictions shall reflect any adjustments made pursuant to section 118 of Public Law 96-369, and nothing in this Act shall be construed so as to preclude such adjustments being used for the purpose of allocation."

**SEC. 5. EFFECTIVE DATE.**31 USC 1221  
note.

31 USC 1261.

The amendments made by sections 1, 2, and 4 of this Act shall apply with respect to entitlement periods (as such term is defined in section 141(b) of the State and Local Fiscal Assistance Act of 1972) beginning on or after October 1, 1980.

Approved December 28, 1980.

**LEGISLATIVE HISTORY:**

HOUSE REPORT No. 96-1277 (Comm. on Government Operations).

SENATE REPORT No. 96-1009 accompanying S. 2574 (Comm. on Finance).

CONGRESSIONAL RECORD, Vol. 126 (1980):

Sept. 24, Nov. 12, 13, considered and passed House.

Dec. 9, considered and passed Senate, amended.

Dec. 10, House agreed to certain Senate amendments, to others with amendments, and disagreed to remaining Senate amendments.

Dec. 12, Senate receded from certain of its amendments and agreed to remaining House amendments.